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**Director of
Central
Intelligence**

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14 December 1978

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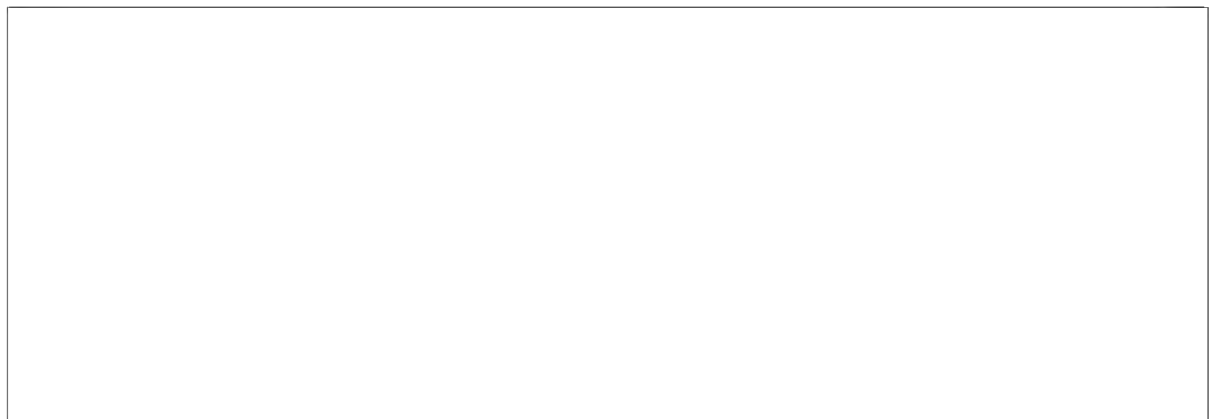
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ARAB STATES: Summit Financial Aid

//Recent clarification of the financial aid arrangements agreed upon at the Baghdad Arab summit in November indicates that they will be less generous than originally announced. After the summit, the donor states said they had agreed to pay \$3.1 billion annually for 10 years to Syria and Jordan, in addition to \$400 million annually to the Palestine Liberation Organization and the West Bank and Gaza municipalities. It now appears, however, that little more aid will be made available to Syria and Jordan in 1979 than the \$1.5 billion they received last year.// []

//Libya and Algeria, which together account for about one-quarter of the total Baghdad commitment, will probably renege on their pledges. Libyan President Qadhafi, who has long been cool to the idea of contributing to such a consortium fund because of its lack of political benefit to Libya, was dissatisfied with the summit's weak indictment of Egyptian President Sadat. Algeria will probably withhold assistance partly out of sympathy to the Libyan position and partly because of a critical shortage of funds.// []

//Even if the largest pledged contributions from Saudi Arabia and Kuwait--amounting to \$1.4 billion--were to be honored, they would simply substitute for roughly equivalent amounts of economic and military aid they gave to Jordan and Syria in 1977, the last full year for which data are available. Even though the \$560 million of aid pledged by the UAE and Qatar at the summit is an increase over 1977 levels, they are unlikely to meet these obligations. Both have encountered periodic cash flow problems and have been delinquent in meeting past obligations.// []

Iraq, with pledges of \$460 million, is the most likely source of additional aid for Syria and Jordan, but even this prospect is uncertain. Iraqi assistance to Syria is contingent on progress in resolving differences between the rival Baathist regimes in the two countries. []

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RHODESIA: Attack on Oil Storage

//Rhodesia's fuel distribution system will be only temporarily disrupted by the attack Tuesday on the oil storage depot near Salisbury. Both Joshua Nkomo's and Robert Mugabe's guerrilla forces claimed credit for the assault. The tanks contained roughly 350,000 barrels (mostly diesel fuel)--enough for 15 to 20 days at estimated consumption levels. The rail lines and roads that carry petroleum imports from South Africa--the source of all Rhodesian oil because of UN sanctions--were not damaged.//

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//We have reports that suggest Rhodesia has at least several months' supply of petroleum products stockpiled around the country. If so, the government should be able to ease the direct economic impact of the attack. Rebuilding stocks may prove more difficult, particularly if the supply of Iranian petroleum products to South Africa continues to be disrupted.//

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//The impact of the attack on white morale may well prove more damaging than the destruction of the tanks themselves, especially given the extensive security measures Rhodesian forces have taken to protect such installations. The raid was by far the most dramatic urban terrorist incident since the beginning of the Rhodesian conflict and could accelerate the pace of white emigration, particularly if repeated.//

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//Rhodesian officials, anxious to maintain white support for their recently announced "government of national unity," undoubtedly will attempt to strengthen the defenses of critical facilities. More and more Rhodesians have been leaving the country since mid-year, and by the end of the year the total exodus is likely to reach 13,000 people--equivalent to 5 percent of the white population.//

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BRIEFS

Ethiopia-Somalia

The Somali Army chief of staff summoned Western defense attaches yesterday for an unprecedented briefing about an attack by two Ethiopian MIG-21s against the Somali town of Gebile on Tuesday. He said the attack differed from 11 others that have occurred since June because it coincided with a buildup of Ethiopian and Cuban forces along the border west of Gebile. We have no evidence of such a buildup other than from Somali reports, and the attacks are probably in response to continued activity by Somali-backed guerrillas. [redacted]

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25X1 President Siad later appealed to the US Ambassador to ask President Carter to issue a statement calling for an end to the air raids. He also asked that the US reconsider the decision not to supply arms to Somalia. These are familiar themes the Somalis have been pressing on the US. [redacted]

Italy

25X1 The Chamber of Deputies yesterday approved Italian entry into the European Monetary System on 1 January. As expected, however, the parties that provide parliamentary support to the government of Prime Minister Andreotti split on the issue. The Christian Democrats, Social Democrats, and Republicans voted in favor of entry, the Communists voted against, and the Socialists abstained. [redacted]

Although Andreotti has avoided a collapse of the government over the monetary question, the outcome will further embitter relations among the parties backing his government and make it more difficult for him to survive coming tests on sensitive issues such as wage policy. The Communists, in particular, will resent being outmaneuvered, and party chief Berlinguer is likely to come under increased pressure from a rank and file that seems increasingly inclined to question the wisdom of further cooperation with the government. [redacted]

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FEATURE ARTICLES

IRAN: Outlook for the Future

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//The uneasy standoff that has developed in Iran gives the Shah an opportunity to try to negotiate a political compromise with some of his foes. The opposition has dramatically demonstrated again its enormous popular support, but it remains badly divided and so far has failed to break the loyalty and cohesion of the military--the last pillar of the Shah's regime.//

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The Shah owes his respite to the decision by both the military government and the opposition late last week to negotiate an arrangement permitting peaceful demonstrations on the occasion of Ashura--the climactic day of the Moharram mourning month--rather than to risk the confrontation sought by exiled extremist religious leader Ayatollah Khomeini.

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The Shah has not yet commented publicly on the outcome of Ashura or claimed a victory. This suggests he is realistic about its outcome and recognizes the strength of the opposition challenge. He will probably try now to entice some of the moderate opposition leaders into a coalition government--especially 70-year-old National Front leader Karim Sanjabi. Some indirect talks are apparently already going on.

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So far, the Shah has shown no sign that he is willing to make the fundamental concessions necessary to form a coalition government. Moderates like Sanjabi--who are basically opportunists--have long been privately inclined to accept a constitutional monarchy in which the Shah reigns but does not rule. They have been intimidated, however, by the seemingly pervasive influence of the uncompromising Khomeini.

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//Previous talks between Sanjabi and the government collapsed over who would control the military. The Shah and the military leaders have adamantly refused to consider any change in the Shah's role as commander in chief.//

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//The search for an agreement is complicated by continuing divisions within the opposition. A National Front spokesman told a Western observer yesterday that the Front leaders were trying, in consultations now under way, to come up with a common position. So far, however, they have only agreed on a list of names to fill a regency council to replace the Shah. The list is to be submitted to Khomeini for his review before it goes to the Shah. The Shah is not likely to accept this proposal in any event.// [redacted]

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It is unlikely that Sanjabi--or any opposition leader--can develop much support for a compromise, either among other opposition leaders or from the public. Many in the National Front will stick to their demand that the Shah give up his throne and accept a regency council. Most of the religious leadership--the backbone of the opposition--seems unwilling to accept any compromise that leaves the Shah on the throne. The marches this week in fact seem to have brought secular and religious opposition leaders closer together. [redacted]

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The Shah may also try to move quickly to get the economy moving, meet legitimate demands for reform, and punish corruption. Most Iranians are deeply cynical, however, that he will significantly rectify past abuses. [redacted]

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//The massive marches in Tehran and other cities--the largest in recent years--showed the enormous popular support the opposition enjoys. They represented, as the British Ambassador in Tehran put it, a national consensus against the Shah.// [redacted]

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Despite the failure of Khomeini's injunction to make Ashura a decisive showdown, he does not as yet appear to have lost much popular backing. The crowds in Tehran extolled him as their symbol of resistance and the final declaration of the march's organizers specifically endorsed his leadership. [redacted]

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Khomeini shows no signs of a readiness to alter his demands and few other religious leaders seem ready to break with him. He has rejected a mediation offer by Jordan's King Hussein. Khomeini would almost certainly

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denounce Sanjabi if he forms a coalition government that leaves the Shah on the throne. Khomeini is likely to continue his strategy of trying to strangle the government through strikes and demonstrations. []

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The political and economic impasse could persist for some time. The key factor remains the Shah's hold on the military, and the opposition has yet to devise a means to break that hold. The military--despite a few cracks--still stands firmly with the Shah. []

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Khomeini may be willing ultimately to resort to some other strategy. He might suddenly return to Iran to force the issue or he might enjoin his followers to start an "armed struggle." Both would be desperation moves. []

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The Shah's political and psychological breathing space is likely to be short before he is faced with new challenges. There will be more demonstrations before Moharram ends on 30 December. Another round of intensive anti-Shah unrest may occur early next year during the holy month of Safar, when the devout again mourn the death of Imam Hossein, the founder of the Shia sect, and the traditional 40-day mourning period ends for those who died early in Moharram. []

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USSR: Brezhnev's Memoirs

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President Brezhnev's memoirs--the most recent installment of which appeared last month--reinforce the impression that the Soviet leader is deliberately avoiding designating an heir who could become a threat to his position. Brezhnev shortchanges Politburo members Andrey Kirilenko and Vladimir Shcherbitskiy, who are potential candidates to succeed Brezhnev. He also showers unusual praise on candidate Politburo member Nikolay Tikhonov and Politburo member Dinmukhamed Kunayev, who are not likely successors.

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In the first installment of his memoirs, *Malaya Zemlya*, published in February, Brezhnev deals with his wartime experiences and consequently makes few references to political leaders. In *Rebirth*, published in May, and *Virgin Lands*, which appeared in November, however, Brezhnev discusses the work and personalities of various past associates who are still politically active.

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Rebirth focuses on Brezhnev's role in the postwar reconstruction of the Ukrainian oblasts of Zaporozhe and Dnepropetrovsk. The 72-year-old Kirilenko, who served as Brezhnev's second secretary in Zaporozhe in 1946 and 1947, receives only one brief reference. After noting that in Zaporozhe people chosen for leading positions were generally "strong, knowledgeable, and industrious," Brezhnev adds blandly, "I want to say that the Second Secretary of the obkom was Andrey Pavlovich Kirilenko."

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In *Malaya Zemlya*, Brezhnev may be taking an indirect swipe at Kirilenko. In one passage, Brezhnev thanks the Central Committee for heeding his request to remain at the front and not recalling him in 1943, when "other party functionaries serving in the armed forces" were reassigned to managerial posts in the interior. Kirilenko is the only present-day Politburo member who left the front for a rear-echelon job at that time.

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There is no reason to believe that Brezhnev and his long-time colleague are not currently on good terms, but Brezhnev's terse references to him suggest a desire to remind his readers that Kirilenko is only a back-up to Brezhnev himself.

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The 60-year-old Shcherbitskiy held relatively unimportant jobs in the Dnepropetrovsk region during Brezhnev's tenure as first secretary there, but Brezhnev could have easily included him in his discussion of the period. Brezhnev makes no mention of Shcherbitskiy in *Rebirth*, although he praises other lesser officials and has previously made public reference to his association with Shcherbitskiy during the period. []

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Brezhnev's neglect of Shcherbitskiy in his memoirs further complicates an already complex series of signals concerning the status of this key "junior" member of the leadership, whose personal and political ties to Brezhnev have been his greatest political asset. []

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By contrast, Brezhnev in *Rebirth* warmly praises Nikolay Tikhonov, first deputy premier and newly appointed candidate member of the Politburo. Tikhonov's close ties to Brezhnev date back to his work as director of a large pipe plant in post-war Dnepropetrovsk. Brezhnev has probably pushed to get Tikhonov on the Politburo since Tikhonov's promotion in September 1976 to first deputy premier. At the Central Committee plenum late last month, Tikhonov was at last made a candidate member of the Politburo. []

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At the advanced age of 73, Tikhonov is not a likely contender for Brezhnev's job. The dropping of the other first deputy premier, Kirill Mazurov, from the Politburo, however, strengthens Tikhonov's claim to succeed Premier Kosygin should Kosygin depart. []

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In *Virgin Lands*, which covers Brezhnev's experiences in Kazakhstan in the 1950s, the Soviet leader gives his warmest and most personal praise for the 66-year-old Kunayev, the current head of the Kazakh Republic party. Noting that his friendship with Kunayev stretches back almost a quarter of a century, Brezhnev stresses the breadth of Kunayev's experience and abilities. []

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Even considering that Kunayev is one of Brezhnev's established clients and the only current Politburo member who worked in the virgin lands campaign with him, the quality and quantity of the praise exceed what might have been expected. Kunayev has recently received other protocol boosts. In October, it was announced that a bust of Kunayev will be erected and a volume of his

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collected speeches was published. Until then, Shcherbitskiy was the only "junior" member of the Politburo (except for the deceased Kulakov) honored with a volume of collected speeches. []

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Kunayev's Kazakh nationality probably rules him out as a succession contender. The net effect of these honors and the flattery in Brezhnev's memoirs is to lower indirectly Shcherbitskiy's protocol standing by making him appear on an equal plane with Kunayev. []

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